

**STATE OF MICHIGAN
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE REGULATION**

Before the Commissioner of Financial and Insurance Regulation

In the matter of:

**Novus Centuria, Inc.,
Core States Management, Inc.**

Enforcement Case No. 09-7382

Respondents.

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Issued and entered
on August 4th, 2009
by **Stephen R. Hilker**
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation ("OFIR") asserts the following is correct:

1. Section 402 of the Michigan Insurance Code ("Code"), MCL 500.402 provides:

"No person shall act as an insurer and no insurer shall issue any policy or otherwise transact insurance in this state except as authorized by a subsisting certificate of authority granted to it by the commissioner pursuant to this code."

2. Section 114 of the Code states that "person" as used in this code includes an individual, insurer, company, association, organization, Lloyds, society, reciprocal or inter-insurance exchange, partnership, syndicate, business trust, corporation, and any other legal entity.

3. Section 1905(4) of the Code provides:

"A surplus lines licensee may . . .

(c) Place insurance on risks in this state, with unauthorized insurers that are not eligible unauthorized insurers, in strict compliance with section 1950."

4. Section 1950 of the Code provides:

“Notwithstanding section 1920(1), a resident of this state may obtain insurance from an unauthorized insurer in this state through a licensee under this chapter.”

5. Section 1920(1) of the Code provides:

“A licensee shall offer surplus lines insurance only to insurers that are in a stable and unimpaired financial condition. An insurer recognized by the commissioner as an eligible surplus lines insurer pursuant to subsection (2) shall be considered to meet the requirements of this subsection.”

6. Section 4503 of the Code provides:

“A fraudulent insurance act includes, but is not limited to, acts or omissions committed by any person who knowingly and with an intent to injure, defraud, or deceive:

...

(e) Solicits or accepts new or renewal insurance risks by or for an insolvent insurer.”

7. Novus Centuria, Inc., (“Novus”), is a registered corporation in the country of the Island of Nevis.
8. Novus has issued certificates of surplus lines insurance in the State of Michigan, as an ineligible and unauthorized surplus lines insurer, managed by Core States Management Inc. (“Core States”), as its unauthorized managing general agent.
9. Novus and Cores States do not hold certificates of authority as insurers pursuant to Section 402 of the Code.
10. Novus and Core States are not eligible surplus lines insurers in Michigan pursuant to Section 1920(2) of the Code.
11. Novus and Core States do not hold certificates of authority as insurers, nor are they eligible surplus lines insurers in any other state in the United States of America.
12. Novus does not hold a “Certificate of Registration” as an insurer from its country of origin, the Island of Nevis, under the Nevis International Insurance Ordinance, 2004, as amended 2006.

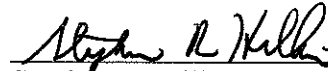
13. The surplus lines certificates issued by Novus and Core States purport to provide insurance coverage to certain Michigan individuals and businesses.
14. Novus's sole shareholder and President, Robert J. Feala, has testified under oath in Genesee County Circuit Court Case No. 06-8301-CK that Novus is without any assets and that all Novus assets are held by its managing general agent, Core States.
15. Core States filed for bankruptcy on March 15, 2009, leaving all insureds without effective coverage.
16. Neither Novus nor Cores States are in a stable and unimpaired financial condition as required by Section 1920(1) of the Code.
17. Despite their insolvencies, both Novus and Core States have solicited or accepted new or renewal insurance risks in violation of Section 4503 of the Code.
18. Novus and Cores States are not "insurers" as required by Sections 1905(4), 1950, 1920(1) of the Code.

Therefore, pursuant to MCL 500.251, it is **ORDERED** that:

1. Novus and Core States shall immediately **CEASE** and **DESIST** from transacting the business of insurance in Michigan as an ineligible and unauthorized surplus lines insurer and managing general agent, and within 10 days of service of this Order, shall acknowledge this Order in writing to the Commissioner and shall confirm that it has ceased transacting such insurance business in this state.
2. Within 10 days of service of this Order, Novus and Core States shall provide company records of all surplus lines insurance policies that they have provided to Michigan businesses and individuals.
3. Failure to comply with this Order will subject Novus, Core States, and their corporate officers to one or more of the following:
 - (a) payment of a civil fine of not more than \$1,000.00 for each violation not to exceed an aggregate civil fine of \$30,000.00. However, for further knowing violations of this Order, a civil fine of not more than \$25,000.00 for each violation not to exceed an aggregate civil fine of \$250,000.00 may be assessed.
 - (b) complete restitution to all persons in this state damaged by the violation or failure to comply.

4. Pursuant to MCL 500.150(4), the commissioner may apply to the Ingham county circuit court for an order of the court enjoining further violation of the Code.
5. The commissioner may recover reasonable attorney fees if judicial action is necessary for enforcement of a cease and desist order under MCL 500.251.

OFFICE OF FINANCIAL AND
INSURANCE REGULATION



Stephen R. Hilker
Chief Deputy Commissioner